

Cost of Doing Business South Carolina

South Carolina offers unparalleled value to companies seeking the ideal business location. The Palmetto State's business climate ranks among the best in the nation with a progressive and competitive environment, offering low corporate taxes combined with highly competitive wages and low rates of unionization. **As evident in the proceeding sections, South Carolina outperforms the rest of the Southeast region on a number of business and economic fronts.**

BUSINESS COSTS *Taxes*

At 5%, South Carolina's corporate income tax is among the lowest in the Nation and the Southeast. Unlike a number of other state that combine income and loss of related companies to determine apportionable income, South Carolina is a separate entity state. In most instances, companies engaged in multi-state activities will only pay taxes on the income derived directly from business activity conducted in South Carolina.

Table 1. State Corporate Income Tax Rates

Tax Type	SC	GA	NC	AL	FL	MS	KY	TN
Corporate Income Tax	5.0%	6.0%	6.9%	6.5%	5.5%	5.0%	6.0%	6.5%

Source: The Tax Foundation's State Corporate Income Tax Rates and State Individual Income Tax Rates, as of February 1st, 2012. OECD Tax Database, OECD data are 2012.

South Carolina offers a single factor sales apportionment formula. Use of the formula will often substantially reduce the amount of state income taxes that a multi-state company with property and payroll in South Carolina will be required to pay.

Depending on the type of business establishment, number of jobs created, capital investment, location of project and other factors, several statutory and discretionary incentives are available to help companies offset, or eliminate their corporate income tax liability, including Job Tax Credits, Corporate HQ Credits, Investment Tax Credits, Job Development Credits, Port Volume Increase Tax Credit, and/or Research and Development Credit.

Table 2. State and Local Sales Tax Rates

Tax Type	SC	GA	NC	AL	FL	MS	KY	TN
State Sales Tax	6.00%	4.00%	4.75%	4.00%	6.00%	7.00%	6.00%	7.00%
Average Local Sales Tax	1.13%	2.84%	2.10	4.33%	0.62%	0.00%	0.00%	2.45%
Combined Sales Tax (State and Local)	7.13%	6.84%	6.85%	8.33%	6.62%	7.00%	6.00%	9.45%

BUSINESS COSTS *Labor*

South Carolina is among 10 states with the lowest cost of labor on Business Facilities' Rankings Report. The ranking is based on unionization rates, cost of unemployment insurance, workers' compensation premiums, hourly pay in manufacturing, average annual pay in the private sector, and average employer cost for an "employee plus one" health care premium.

Table 3. Annual Wages in Southeastern States, 2011

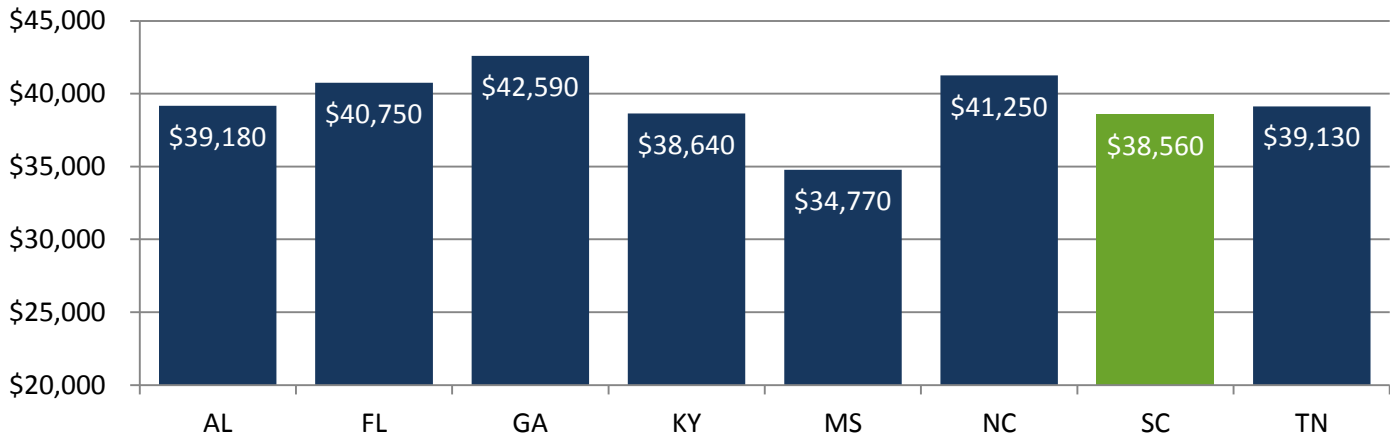


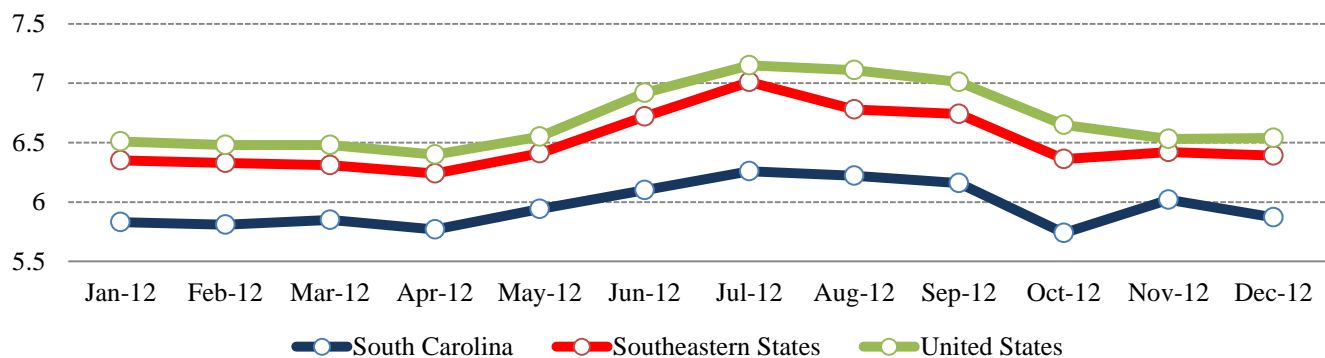
Table 4. Unionization Rates

Sector	SC	GA	NC	AL	FL	MS	KY	TN
Total	3.3%	4.4%	2.9%	9.2%	5.8%	4.3%	10.0%	4.8%
Private	1.3%	3.1%	1.8%	5.7%	2.4%	3.0%	7.1%	2.9%
Public	12.3%	10.5%	8.8%	25.5%	25.0%	9.0%	23.7%	14.7%

Source: Union Membership and Coverage Database from the CPS (unionstats.com) data are 2012. Trade Union Density, OECD Stat Extracts data are 2011.

BUSINESS COSTS *Utilities*

Table 5. Average Monthly Price of Electricity (Cents/KWH), Industrial Power



Costing approximately 15% less than the national average, South Carolina attributes its low-cost reliable power to a diverse mix of energy sources, including hydroelectric, nuclear, coal, natural gas, and other renewable resources. Industrial electricity costs in South Carolina average 5.74 cents per kilowatt hour, among the lowest in the nation.

Table 6. Natural Gas Prices

Sector	SC	GA	NC	AL	FL	MS	KY	TN
Industrial Gas Price (Dollars per thousand cubic feet)	5.17	5.56	6.96	4.99	-	5.60	4.54	5.66

Source: Graph-The Energy Information Administration, "Monthly Electric Sales and Revenue Report with State Distributions Report," Table 5.6.A: Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, March 2013. Data are January 2013. Natural Gas-The Energy Information Administration, "Monthly Natural Gas Prices by State," March 2013.

MARKET ACCESS *Logistics*

The Port of Charleston, South Carolina is the nation's eighth largest seaport, handling more than \$64 billion in waterborne commerce in 2012. Charleston container volume increased 9.6% in 2012, leading all ports on the South Atlantic, Gulf, and West Coasts. Overall, more than 20,000 companies in two dozen states depend on the Port of Charleston to reach their overseas suppliers and buyers.

Table 7. Top 10 States for Export Via Vessel by Value of Foreign Trade

State	Value (in Thousand Dollars)	Rank
Texas	\$28,531,812	1
Louisiana	\$14,119,933	2
California	\$11,168,454	3
Florida	\$6,601,419	4
Washington	\$6,173,053	5
Illinois	\$6,104,562	6
New York	\$4,756,157	7
South Carolina	\$4,242,653	8
Georgia	\$4,076,857	9
Pennsylvania	\$3,719,367	10

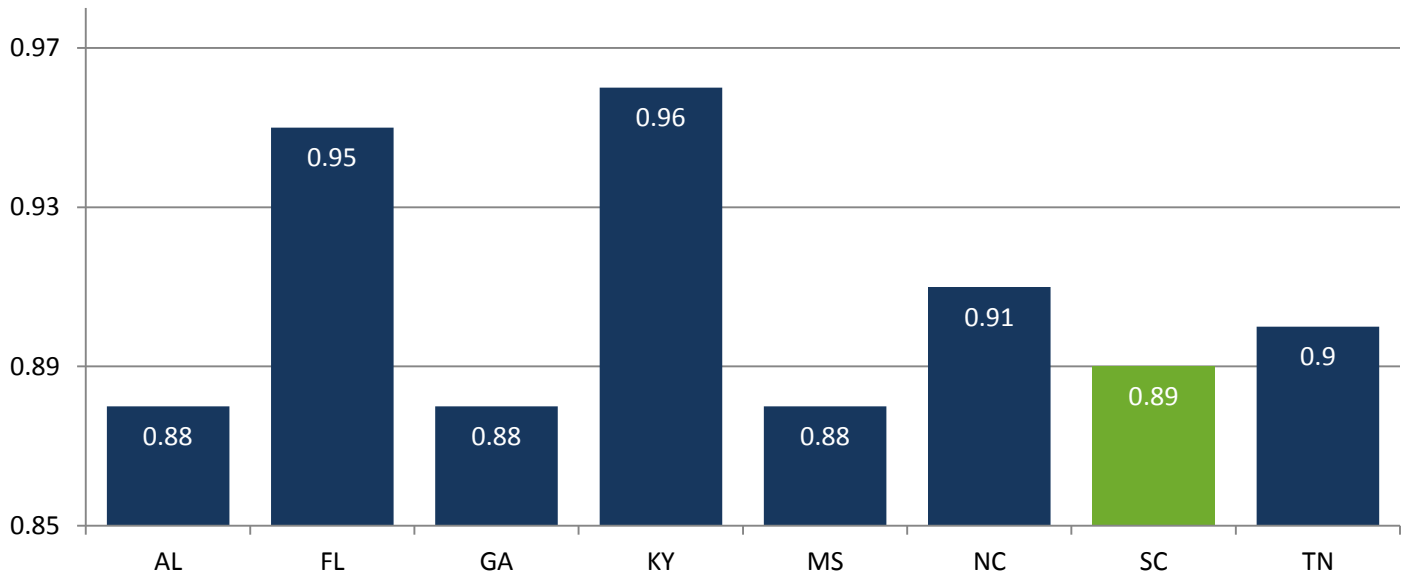
(Source: Global Trade Information Services)

Five interstate highways criss-cross South Carolina, offering excellent east-west and north-south access to major markets in the U.S. This infrastructure, along with the state's position precisely between New York and Miami links business in South Carolina to more than 200 million consumers within a two day drive. This represents two-thirds of the entire U.S. population.

CONSTRUCTION COST *Comparison*

Construction costs in South Carolina are some of the lowest in the Southeast and the Nation. Overall the cost in the Southeastern region ranges from 5-12 percent below the United States average for Class A office facilities.
(Source: Marshall Valuation Service, January 2012)

Table 8. Construction Cost Index, 2012 (US Cost=1)



BUSINESS CLIMATE *Rankings*

For the third consecutive year, Area Development ranked the top states for doing business based on a survey of highly respected site consultants. According to the 2012 rankings, **South Carolina ranks as the 2nd best state in the nation to do business based on eight criteria:** low business costs, business friendliness, corporate tax environment, overall labor climate, workforce development programs, fast-track permitting, rail and highway access, and number of shovel ready sites.

Table 9. Area Development Rankings, 2012

State	Rank
Texas	1
South Carolina	2
Georgia	3
Alabama	4
North Carolina	5